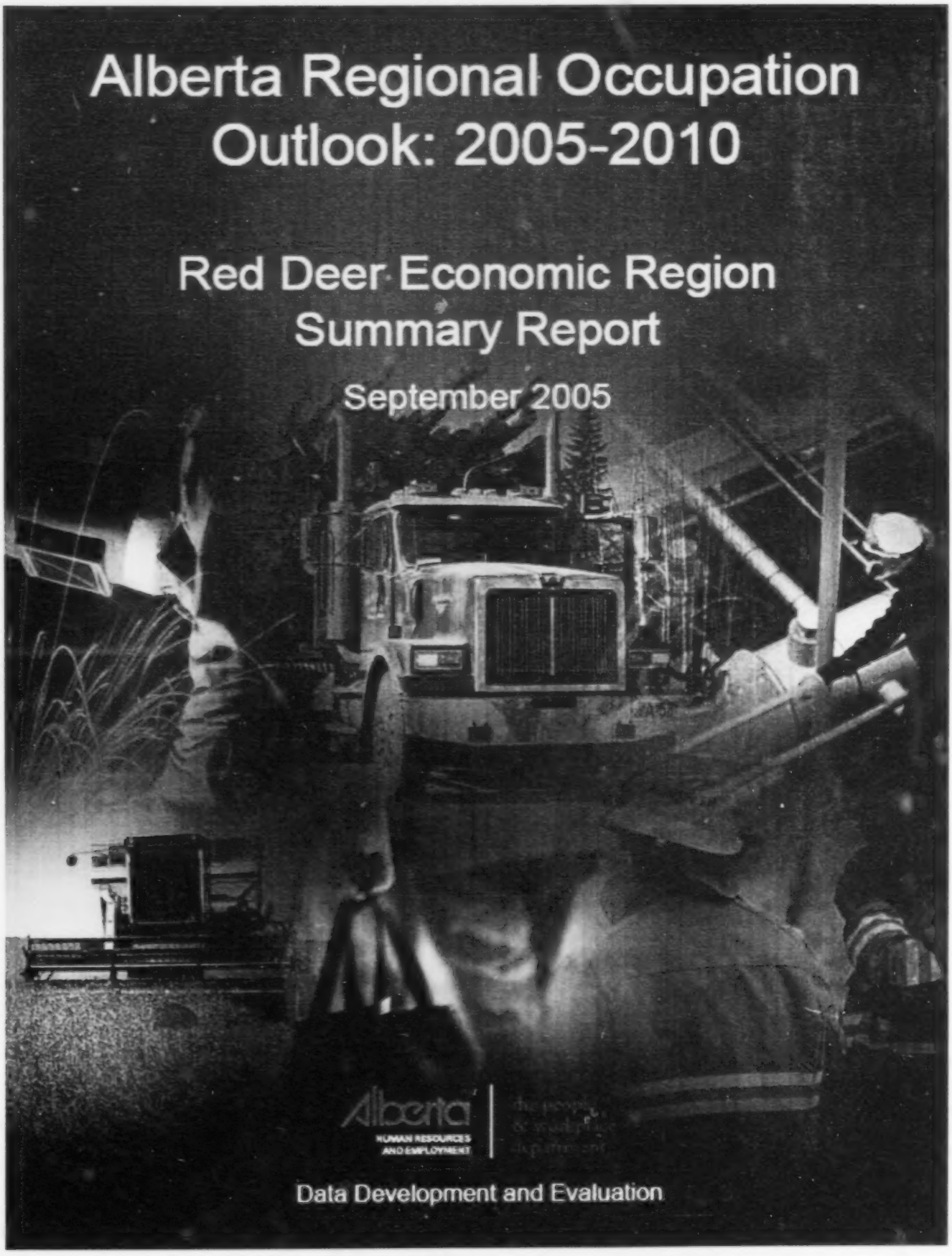
Alberta Regional Occupation Outlook: 2005-2010

Red Deer Economic Region Summary Report

September 2005



Alberta
HUMAN RESOURCES AND EMPLOYMENT

Data Development and Evaluation

Alberta Regional Occupation Outlook: 2005-2010

Alberta Human Resources and Employment (AHRE) has continued to develop a regional occupation model that produces employment projections for 140 different occupations across Alberta and for the eight economic regions. This forecast is a useful tool for the Government of Alberta to help address related policy issues and to aid in developing responsive strategies.

The forecast summarizes expected employment by industry, occupation, and economic region. Industries are classified using the North American Industry Classification System (NAICS). Occupations are classified by the National Occupational Classification (NOC) system. For more information regarding these classification systems please visit the websites listed below.

This document provides a broad overview of the results of the forecast for the Red Deer Economic Region. A complete listing of the employment projections is available for all eight economic regions (47 occupations) and for Alberta (140 occupations) on the AHRE website listed below.

- **NAICS** - http://www.statcan.ca/english/Subjects/Standard/naics/2002/naics02-index.htm
- **NOC** - http://www23.hrdc-drhc.gc.ca/2001/e/generic/welcome.shtml
- **AHRE Employment Projections** - http://www3.gov.ab.ca/hre/lmi/occforecast.asp

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GDP is expected to grow by 2.2% annually

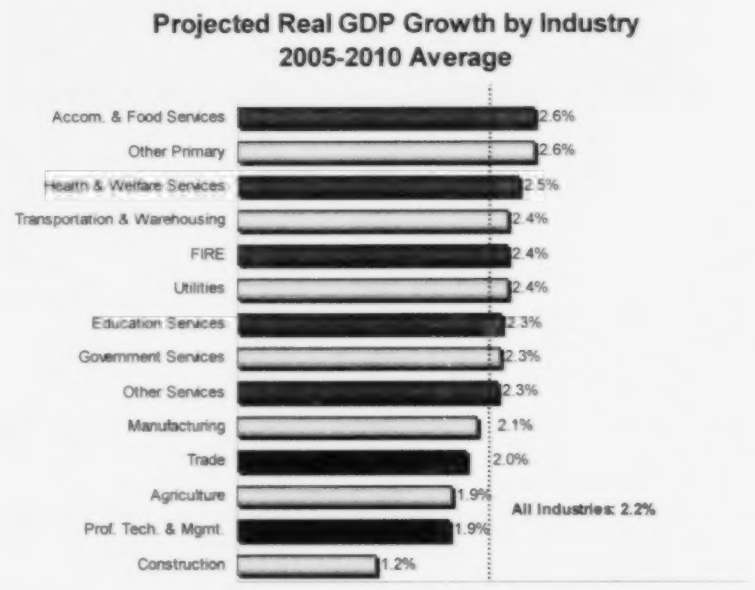
From 1994-2004, Alberta's economy was one of the fastest growing provincial economies in Canada. Gross Domestic Product (GDP) output in the province grew by an annual average of 3.8%. Employment in the province grew by more than 470,200 jobs over the past ten years. Over the forecast period of 2005-2010, GDP growth in Alberta is expected to average 3.3% annually. This is slightly higher than the expected average annual GDP growth of 3.2% for Canada.

The Red Deer Economic Region currently contributes the sixth largest share of Alberta's GDP among the eight economic regions. Over the forecast period, GDP output in this region is expected to grow by 2.2% annually.

The Accommodation and Food Services and Other Primary industries will show strong GDP growth

The Accommodation and Food Services and Other Primary industries will show the highest average GDP growth of any other industry, averaging 2.6% annually. Strong population growth and heavy construction in the area are leading to increasing demand for these industries. High GDP growth rates are also expected for various other industries in the region. There is relatively little variation between expected GDP growth rates across the region's many industries. This indicates a healthy and diverse economy. The region's proximity to both Edmonton and Calgary makes it an ideal location for firms operating in both markets. Chart 1 shows the average GDP growth for all industries over the forecast period.

Chart 1



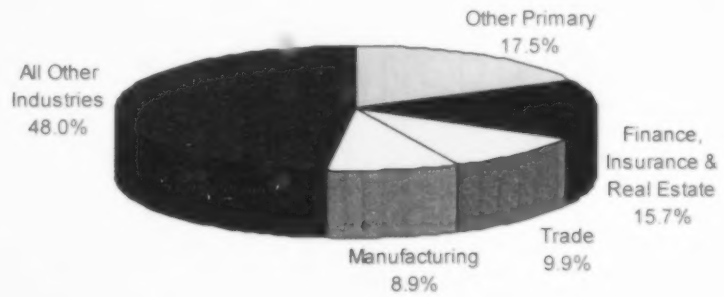
Source: Alberta Regional Occupation Outlook: 2005-2010

Two industries will account for one third of total GDP

In the Red Deer Economic Region, the Other Primary and Finance, Insurance and Real Estate industries will account for one third of total GDP output over the forecast period. Over half of the region's GDP comes from four industries (see Chart 2). Together, the Other Primary industry, the Finance, Insurance and Real Estate industry, Trade Industry and the Manufacturing industry account for 52% of the region's total GDP.

Chart 2

Industry Shares of Total GDP, 2005-2010



Source: Alberta Regional Occupation Outlook: 2005-2010

Major investment projects in the region are valued at $389.4 Million

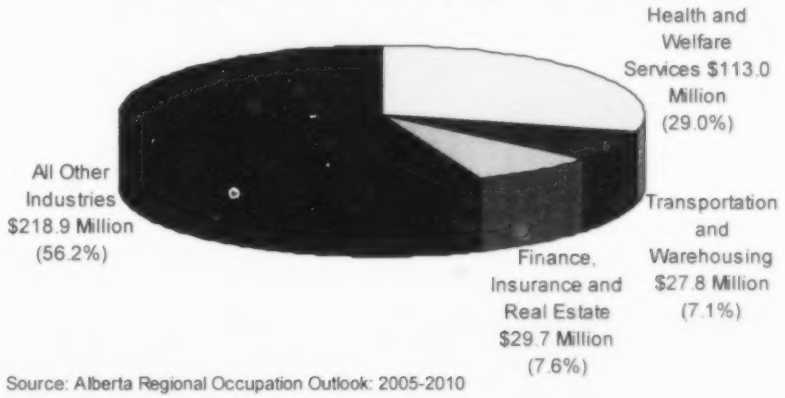
One of the most important factors to consider when estimating the future growth of a regional economy is the spending on major projects. The development of these projects creates jobs during planning, construction and upon completion. The list includes projects that are proposed, under construction or recently completed in the Red Deer Economic Region. Only projects with a value of at least $2 Million are included. These projects have a significant effect on employment in the Construction industry and also create employment in many other industries such as Trade and Other Primary.

Health and Welfare Services related projects will account for 29% of total spending

Health and Welfare Services related projects such as hospitals and long term care facilities, will account for approximately 29% of all major project spending in the Red Deer Economic Region (see Chart 3). The region's largest project is the re-development of the Red Deer Regional Hospital. This project began in 2001 and is scheduled for completion in 2005 at a total cost of $95.8 Million. Several Transportation and Warehousing related projects are also planned or underway in the region. Chart 3 summarizes the major project spending in the Red Deer Economic Region.

Chart 3

Industry Shares of Major Project Spending


Health and Welfare Services $113.0 Million (29.0%)
Transportation and Warehousing $27.8 Million (7.1%)
Finance, Insurance and Real Estate $29.7 Million (7.6%)
All Other Industries $218.9 Million (56.2%)

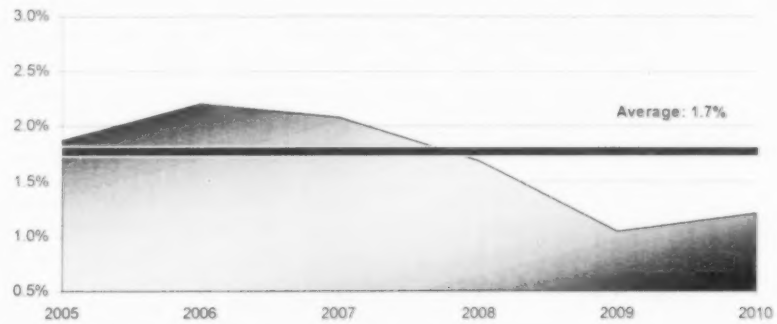
Source: Alberta Regional Occupation Outlook: 2005-2010

Employment growth is expected to average 1.7% annually

Over the forecast period of 2005-2010, employment in the Red Deer Economic Region is expected to climb from 88,700 in 2004 to 98,000 in 2010. This represents an average growth rate of 1.7% annually and the creation of over 9,300 new jobs. The region's unemployment rate is expected to remain stable and will average 5.3% over the forecast period. As shown in Chart 4, the region's employment growth rate will experience some slight changes over the forecast period. The drop in employment growth towards the end of the forecast period is due to the completion major projects in the region. As time passes, new projects may be announced that could reverse this trend.

Chart 4

Average Annual Employment Growth (%), 2005-2010



Source: Alberta Regional Occupation Outlook: 2005-2010

Over 9,300 new jobs will be created in the Red Deer Economic Region

The Red Deer Economic Region will generate over 9,300 new jobs over the forecast period of 2005-2010. Employment in the Agriculture industry will continue to be important to the region as will employment in the Trade industry. The region will account for approximately 3.9% of all new jobs in Alberta.

The Trade industry will provide more new jobs than any other industry

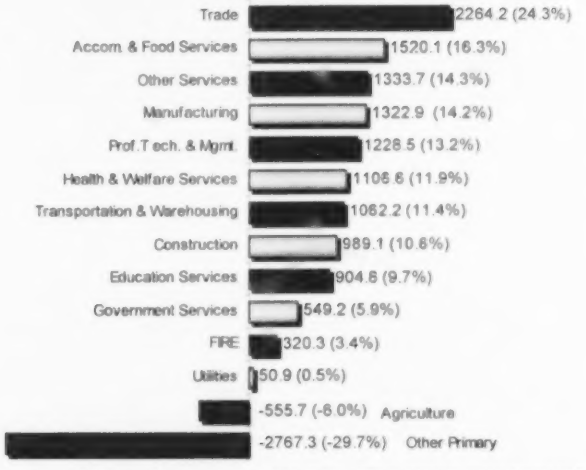
The employment outlook is broken out into fourteen different industries. The Trade industry is expected to generate over 2,200 new jobs over the forecast period, the most for any single industry (see Chart 5). Other industries generating a large number of new jobs include: Accommodation and Food Services (+1,500), and Other Services (+1,300). The City of Red Deer acts as a regional hub for the entire region and will be home to many new service related jobs. Industrial construction is expected to show strong growth, which will generate many new construction jobs.

Strong employment growth rates are expected in the Transportation and Warehousing and Accommodation and Food Services Industries

The region's Transportation and Warehousing industry is expected to average employment growth of 5.3% annually over the forecast period. The Accommodation and Food Services industry will average 3.9% growth. Employment growth in the Other Services and Government Services industries will average 3.8% annually.

Chart 5

New Jobs by Industry
2005-2010



Source: Alberta Regional Occupation Outlook: 2005-2010 *Share of total new jobs in brackets (%)

The Motor Vehicle and Transit Driver occupation is expected to create more new jobs than any other occupation

At the 140 occupational level, the Motor Vehicle and Transit Driver occupation is expected to create over 620 new jobs from 2005 to 2010. This classification includes truck drivers, bus and subway drivers, taxi and limousine drivers and courier service drivers. An ageing workforce in this occupation along with the long distance between markets are contributing factors to the high number of new jobs in this occupation. Other occupations expected to generate a significant number of new jobs include: Retail Salesperson and Sales Clerk (+500), and Occupations in Food and Beverage Service (+442). Please see Table 1 below.

High growth rates are expected in many Trades and Unique to Processing, Manufacturing, and Utilities industry occupations

Machine Operators and Related in Fabric/Fur/Leather Products are expected to experience the highest average growth rates in employment of any of the 140 occupations, at 19.5% annually. Other occupations that will show strong employment growth rates include: Supervisors, railway and motor transportation (+14.2%), Machine operators and related in textile processing (+12.9%), Logging Machinery Operators (+12.2%), and Technical Occupations in Dental Health Care (+5.4%). The high growth rates are mostly attributed to extremely large increases from 2004-2005.

Table 1

New Jobs by Occupation, 2005-2010

NOC Occupations	New Jobs	Share of Total
Motor vehicle and transit drivers	626	5.7%
Retail Salesperson and sales clerk	500	4.6%
Occupations in food and beverage service	442	4.1%
Cleaners	436	4.0%
Food Counter attendants, kitchen staff and related	408	3.7%
Manager in retail trade	359	3.3%
Secondary/elementary teachers and ed counsellors	346	3.2%
Childcare and home support workers	297	2.7%
Secretaries, recorders and transcriptionists	289	2.7%
Others sales and related occupations	253	2.3%

Source: Alberta Regional Occupation Outlook: 2005-2010